

Restaurant Name: Auntie Anne's Pretzels

Type of Restaurant: Snack/light meal – Fresh baked, hand-rolled, soft pretzel bakery. Franchise.
National/International brand

Bar service?: No

Ownership: I am a Franchisee, an independent owner/operator – CenterTwist Inc. is my corporate name: d.b.a. Auntie Anne's Pretzels

Years in Business: I opened my first Auntie Anne's Franchise in 1993 in Bellevue Square

Number of Locations (in Seattle/outside Seattle): In Seattle: New store to open the first week of May in Westlake Center. (I sold my Northgate Mall location in 2008).

Outside Seattle: 9 franchises in Washington, 3 in Alaska.

Number of Employees: In Seattle: will have around 10. Seasonally we will have more over Christmas and Summer/tourism months. Currently my business model focuses on hiring youth, disabled/disadvantaged, and others in our community who deserve a chance at a job but struggle to get employers to give them a chance.

Outside Seattle, currently have about 120 in Washington and 45 in Alaska (also increases seasonally)

Compensation for employees:

Seattle Wages: Note these are higher than non-Seattle wages by +\$2.00/hr for SL and Crew

	Employee Type 1 Manager 1 st year	Employee Type 2 Shift Leadership	Employee Type 3 Crew - starting
Base Pay	\$42,000	\$12.50 - \$14.00	\$12.00
Average Tips	N/A	0	0
Average Hours Worked	45/week	20-40/week	20-30
Benefits	Med/dent. 401k match Vacation, Sick pay,	Sick pay, 401k match (>21 yr), anniversary pay	Sick pay, anniversary pay
Bonuses	range \$375-\$700 per month	Range \$0-\$150/month (Avg \$50/mo)	0
Other	free meals, free uniforms/shoes, misc contest prizes,	Free meals, free uniforms, safety shoes, contest prizes, flexible schedules for students	Free meals, free uniforms, safety shoes, contest prizes, flexible schedules for students

Annual Budget/Profit Margin: Non-Seattle stores:

Average store sales (9): 2011- \$486,300; 2012- \$506,000

Net Income 2011 6.3%; 2012 7.2% (before capital investments, debt repayment, income tax and depreciation)

We expect to operate at a loss for the first year: Just for the Westlake only location our estimated range based on estimated sales is a net income loss between -1% to 5% (starting pay at \$12)

What would happen specifically to your business if minimum wage raised to \$15 immediately?

If phased in?

- My range of net income loss based on estimated sales is between -4% to -10% (starting pay at \$15)
- If a new city minimum wage of \$15.00 was to take effect immediately, I would be counting on the income from my other locations to subsidize the Seattle store. I would not be able to close or else I would go into default of the lease and lose my other businesses with the same landlord located elsewhere.
- I already signed and committed to a 10 year lease with Westlake Mall (General Growth Properties). Rents for shopping centers are very expensive – combined with the tenant improvements investments that I pay –the investment is not insignificant. Most people do not realize that the Mall does not pay for anything we build in it. In fact they require us to pay for premium materials and designs.
- People are price sensitive to snacks/meals. If the prices are too high, they do not get a drink, or add on sales. They also shop less frequently. Raising prices will not offset the labor cost.

Adjustments (some of these I am already implementing before I open for business):

- We would look at revising staffing models to staff with two people at \$15 vs. three at average of \$12.50/hr. Or for peak seasonal times: three at \$15.00 vs. four or five employees at average of \$12.50.
- I would bring in managers and commute employees from other stores to rotate thru opening the location to save on hiring and training of inexperienced people
- Primarily hire and train from outside Seattle limits (like Bellevue, Tukwila, Alderwood, Auburn), and transfer experienced staff that are proficient at multi-tasking. Only top performers/managers will staff the location
- Reduce hiring people with special needs that require more support and flexibility to perform their job
- I will look at self-order/pay technology to save cashier hours
- Limited breakfast offering – this avoids bringing in staff earlier for prep of the full program
- Bottom line is I would figure out the best way to lose the least amount of money as possible

What would make your business sustainable if the minimum wage was raised?

- Recognize/establish some training period for new employees (6 months)

- I have entry level jobs that I train people for in basic food preparation and customer service skills. An incentive to hire those with little or no proven experience is important I think for those needing job skills the most.
 - Keep state minimum wage for teens/students - don't give an incentive to drop out of school to earn \$
- Adopt a Total Compensation model in any new Seattle minimum wage policy
 - Recognize other benefits as part of total compensation wages – medical/dental
- Adopt a smart, responsible phase-in approach to any new Seattle minimum wage policy
 - I expect the wages to go up, but not as such a shock as a 60+% jump at once
- No Exemptions
 - We are all in this together to strengthen our community. We should not create complicated tiers or make arbitrary judgment calls on businesses based on type or size.